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ABSTRACT

Commercialized approaches to public recreation may solve the financial and budgetary problems that many public recreation programs currently face. Case studies document the success of some commercialized approaches, including: (1) borrowing techniques from business and commercial recreation programs; (2) creating revenue producing facilities and programs; and (3) creating a joint venture between public and commercial agencies. The attitudes, service philosophies, legislation, legal liability, political and social environment, and the personnel involved with the strategy should be considered before adopting it. (CJ)

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THE COMMERCIALIZATION OF PUBLIC RECREATION

by

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A Presentation at the 1980
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INTRODUCTION

Public recreation agencies in our country today face numerous problems, including double digit inflation, employee unions, demands for increased services, and demands to maintain status quo or reduce government spending. Obviously there are conflicts here. The net effect is a continual squeeze upon the agency budget. Adequate financing is, according to Roger Warren (1977:1), "the greatest obstocle facing the movement today". Times have changed and we can no longer rely on traditional fiscal practices to carry us through times of crisis (Groves and Welch, 1979:40). Government just cannot do it alone anymore. Again, according to Warren (1977:1), "the parks and recreation agency which operates on the concept that all public services should be tax supported and free cannot provide the wide variety of programs and services that today's society demands". New ideas and new strategies must be developed.

Fortunately, some people are developing new strategies for the 1980's. Seymour Gold (1979:52-57) predicts a number of new institutions and concepts for delivering leisure services. Among his ideas are several which blend traditionally private/commercial concepts with public service i.e.; public "utilities" for recreation, contract services, commercial enterprises, joint facility use, and other public/private joint ventures. Groves and Welch (1979:40), predict a number of similar strategies for the 1980's, including the increasing use of fees and charges, and a change of agency orientation from competition to one of community cooperation.

Across our country, many parks and recreation departments are beginning to test these new strategies. A few have embraced the concepts enthusiastically on a major scale. This report will deal with the theory and practice of this "commercialized approach" to public recreation. The initial section will deal with the overall concepts and philosophy of "commercialized public recreation". The second section will look at recreation services that are "self operated" revenue producers. The third section will review public/commercial joint ventures. The concluding section will feature several case studies of public parks and recreation departments achieving particularly noteworthy success with the commercial approach.

I. GENERAL CONCEPTS AND PHILOSOPHY

Taking a commercial approach to public recreation may be easier said than done. There are numerous obstacles, the first of which is the general philosophy and attitudes of the agency. To many people, a commercial approach is not considered compatible with public recreation. The word "profit" is misunderstood and taken with a connotation of onerous exploitation. Commercial developers are sometimes viewed with distrust and suspicion. Interestingly enough, the commercial operator may exhibit the same outmoded prejudices, sterotyping the public agency as incompetant bureaucrats bent on frustrating his legitimate business goals. (Crompton 1977:20-21) It would behoove the recreator to think of "profit" as the "excess revenue" which is the fair and genuine cost for the risk incurred in the commercial operation. Additionally, it would be advisable for the recreation administrator to understand that the facilitation and encouragement of private and commercial recreation is compatible with

the public agency mission to ensure the provission of recreation in the community. In fact, public agencies could learn a lot from the commercial operator. As Warner (1972) points out, commercial recreation is often a source of ideas for public programs. If the commercial operator offers a static program which is not alert to the public's needs and interests, he will probably go out of business.

Whether the public agency's commercial approach is oriented toward self operation or joint ventures with the private sector, there are several underlying considerations. First, does the agency's enabling legislation permit revenue generating and/or cooperative ventures with the private sector? Secondly, what effect would such operations have from a liability standpoint in that particular state? Third, what is the political climate for such ventures? Is there a taxpayer's revolt in progress? How will citizens respond in light of their economic and cultural backgrounds? Fourth, and of critical importance, does the agency have the competant personnel to engage in commercial ventures? Or is it willing to expend the funds necessary to provide adequate training? Finally, has the agency developed a policy statement covering such items as user fees, fee waivers, competitive pricing, revenue goals, limits of acceptable financial risk, etc? (Crompton, 1977:21-23; and Rockwood, 1978: 29-23).

II. SELF OPERATED REVENUE PRODUCING ENTERPRISES

A recent survey of 58 public recreation agencies in the Great Lakes area revealed that 2/3 of the agencies generated 20% or more of their total income from fees and charges, and 22% generated more than 40% of their revenue in the same manner (Flickinger and Waterson, 1979:34).

While this is significantly higher than perhaps ten years ago, we cannot set any type of standard for departments to strive for. According to Charles Spears (1977:1) it is very important to have a proper mix between revenue producing facilities and tax supported facilities, but each city is different. As it is beyond the scope of this report to get into a detailed analysis of the topic of fees and charges, summaries of specific elements of the topic are presented in Appendix A. These include:

A. Fundamental Categories of Fees and Charges (Hines, 1977:6)

B. Reasons for Fees and Charges (Hines, 1977:3) (Spears, 1977:2-3)

C. Management Principles of Fees and Charges (NRPA, 1977:1)

D. Considerations in Setting Fees and Charges (Rockwood, 1979:30)

A public agency's decision to self operate a revenue producing facility or service should be based upon several considerations: knowledge of the subject, proper attitude, availability of trained personnel, functional facilities, maintainance capability and clearance of the major hurdles mentioned previously. In choosing to self operate, the public agency gains several advantages including operational control, flexibility to make changes, and potentially higher revenues. However, there are several negative aspects to self operation including: initial outlay for construction and/or equipment and start up expense, and the risk of greater loss (Smith, 1977:2). If it appears that the governmental authority is not fully committed to the venture in terms of initial funding and trained manpower then self operation is not the best route to take. In such cases a lease operation or other joint venture with private business may be considered.

Self operated revenue programs and facilities may be conducted through the agency's standard budgetary process, i.e. the general fund. However, this method often tends to be more restrictive and less flexible than revolving accounts operated outside of the general fund. The "Enterprise Fund" of the Maryland National Capitol Park and Planning Commission is an excellent example of such a system. They have defined the Enterprise Fund as "a fund established to account for the financing, maintenance and operation of governmental facilities and services which are entirely or predominantly self supporting by user charges." Under the MNCPPC system, enterprise fund budgetary statements are contained in memorandum form which is submitted with, but considered seperate from the general fund budget.

"Since a utility or other enterprise is often a self supporting operation of a commercial nature, its expenditures should not be controlled by means of detailed and rigid appropriations. These expenditures will vary with the timing and level of demand for service. If too rigidly controlled, you might delay the necessary expansion of activities, impede satisfactory performance, or inhibit vitally required management reactions." (Stevenson, 1977:4)

The above is not to suggest that the MNCPPC Enterprise Fund is managed in a helter skelter manner. On the contrary, they prepare a comprehensive annual budget for each enterprise function. This "planning budget" is utilized internally and is therefore more flexible than the general fund budget.

Under the Enterprise Fund, MNCPPC has developed and successfully operated numerous new facilities. These include two winter ice rinks, four golf courses, two tennis complexes, two outdoor swimming pools,

two indoor swimming pools, an air park, and numerous regional park concessions such as boat rentals, carosels, and miniature trains. (Baker, 1980)

Some agencies utilizing an enterprise system operate differently from MNCPPC. Chesapeake Virginia is one of these. Under Chesapeake's system, only the direct program expenses (instructors, officials, supplies, equipment, etc.) are considered as enterprise activity. In-house overhead costs such as administrative staff and routine maintenance are not counted as enterprise related. More regarding Chesapeake's program will be presented in the concluding section.

Another important technique in the managing of self operated revenue facilities is the concept of "Special Facilities Divisions". Under this concept, all revenue producing facilities are administratively grouped under a single division. This approach enables specialized managerial and business talents to be centralized and maximized. The Special Facilities Division of the New Castle County (Del.) Department of Parks and Recreation is an example. Facilities under this division include a zoo, the municipal stadium, two riding stables, two golf courses, an arts center, an inn, and a tennis center (New Castle County Parks and Recreation, 1976).

The Department of Leisure Services in St. Petersburg Florida features very progressive use of Enterprise Funding and Special Facilities Division Management. Established enterprise activities include two golf courses, a municipal marina, a stadium and the Bayfront Complex consisting of a major arena and a theatre. However, it is in its newest projects that St. Petersburg shows innovation. It has acquired a 161 unit waterfront motel, and is managing it successfully, ($450,000 turn-around). The plan is to pay off the property costs from revenue and

convert the area to a waterfront park with a 150 seat restaurant and cocktail lounge. Another venture is the Municipal Pier, originally a losing property under Marriot Corp. The department now successfully operates the pier with two restaurants and lounges, a banquet room, and six retail shops. A prospectus is currently underway for a third project, a major waterfront development. (Dodge, 1980)

Park and recreation departments may find it extremely advantageous to borrow various management techniques from business and commercial recreation. In a recent publication, Crompton and Howard (1980) devote much attention to the importance of a recreation agency having a "marketing" orientation. Market segmentation, pricing strategy and other elements of marketing are discussed in terms of application to public recreation. Other business related techniques that can be applied by recreation agencies include cost benefit analysis, break even analysis, feasibility studies and the "program life cycle concept" (Crompton and Howard 1980).

III. PUBLIC/COMMERCIAL JOINT VENTURES

When public recreation agencies cooperate with commercial enterprises it becomes obvious that both parties typically have differing strengths. This writer has worked with joint ventures from both sides of the public/commercial fence, and believes that the difference in strengths is a prime motive for cooperation. By pooling resources in a given venture, a final product should be achieved which represents more than either entity could normally achieve on their own. Crompton (1977:20-21) lists several of the typical strengths of the private/commercial sector as follows: a) experience at developing and operating revenue

facilities, b) less affected by prevailing political whims, c) ability to raise large amounts of capital, d) greater legal flexibility, and e) freedom from lengthy bureaucratic structure. Epperson (1977:65) adds that the commercial operator often does a more efficient job of providing service because there is an immediate built in evaluation mechanism; profits and the ability to stay in business. Crompton (1977:21) lists the public agency's advantages as follows: a) substantial land bank, b) low cost capital and tax shelter availability, c) control over zoning and permit processes and consequent ability to expedite them, and d) credit worthiness secured by its tax base. Additional advantages for programming include a) existing clientele base in some cases, b) superior accessibility to other community facilities, such as schools, and c) potentials for free media coverage,thus free advertising of sorts.

There are a number of ways in which the private/commercial sector works together with public recreation agencies. These methods include the following:

a. Joint capital development projects.
b. Concession leases.
c. Commercial programs conducted at public facilities.
d. Public programs conducted at commercial facilities.
e. National promotional programs.
f. Technical assitance by trade associations.
g. Technical assistance by private business.
h. Other local public/private cooperative arrangements

The remainder of this section will explore each of these methods.

Joint Capital Development Projects

Maryland National Capitol Park and Planning Commission has been active in a type of joint development project known as the "Leaseback Concept". Under this concept, government enters into an arrangment with private enterprise wherein a recreation facility is constructed on public lands using private funds. The private operator then leases and manages the facility for a period of years, paying an annual guarantee plus a percentage of gross to the government. After the lease period expires, usually twenty years, the entire facility reverts to the ownership of the governmental unit. Variations of this concept exist across the country, but the fundamental advantages are much the same. The Capitol Center Arena in Landover, Maryland is a good example of this concept. Another similar venture that MNCPPC is involved in is the development of a skeet and trap range with Olin-Winchester. (Baker, 1980)

Another type of joint development is typified by a sports complex in Chesapeake Virginia. Here, the Parks and Recreation Department acquired a twelve acre tract of land in the heart of a growing subdivision, as a gift from a private developer. Local funds of $50,000 were put up with the $200,000 land value to obtain a Land and Water Conservation Fund matching grant. The developer got a $200,000 tax deduction and a tremendous boost to its subdivision's marketability. The city gained a sports complex at little cost, which will be opperated as a revenue producing facility. (Garman, 1978) Other examples of joint development projects will be given in the case studies.

Concession Leases

This topic will be covered only briefly as it is not uncommon to many public agencies. Food and drink concessions generally come to mind, but there are numerous other possibilities. Again, using MNCPPC as an example, they have consession agreements for the operation of a marina, the pro shop and lockers at an ice rink, and various functions of their golf courses under a pro-manager arrangement. (Baker, 1980)

There are several reasons that favor Concession arrangements over self operation. Most important are the capital backing and business experience that a good concessionaire can offer. If the public recreation agency does not have the start up money, or the specialized personnel and equipment, it should seriously consider contracting the service out to a concessionaire. The keys to having a good concession operation are for government to offer the entrepeneur a package that shows a realistic profit potential and to have a well written but equitable contract. (Wolfe, 1977:2) Additional examples of concessions will be noted in the case studies.

Commercial Programs Conducted at Public Facilities

Commercial Programs conducted at public facilities can be advantageous to both parties. One-time demonstrations are relatively easy for a commercial operator to conduct and serve to introduce his service to significant numbers of potential future customers. Examples may be demonstrations in Kung Fu, skateboarding, and ski tuning (Chesapeake Parks and Recreation, 1979). Since these tend to be of a special event nature, newspaper promotion prior to the event is usually possible and this has obvious

advertising value for the commercial operator. The public agency gains as its participants experience a new activity.

On many occasions, the public agency seeks to offer a class or other activity taught by a highly proficient, well known and/or professional instructor. It is not unusual to find that the top choice for instructors is employed by a commercial business. Therfore a joint program conducted on a contractual basis by the commercial operator becomes desirable. Montgomery County, Maryland is a good example where special instruction for aerobic dance, ballet exercise, tap exercise and other activities are conducted at public facilities through contracts with commercial recreation. (Montgomery County Recreation Department, 1978). Other examples are illustrated in Appendix B.

Public Programs Conducted at Commercial Facilities

This type of joint programming can capitalize on the best strengths of both commercial and public recreation. In this concept the public agency senses a need or demand for a given service but lacks the specialized facilities, equipment, or personnel to offer the program. These gaps are filled by the commercial operator. Typically the public agency promotes the activity utilizing its community contacts and advantage with the media. It then registers and/or organizes the group of participants and in some cases provides bus transportation and general supervision. Generally, the commercial operator provides the service to the public group at a reduced rate, since several of its market functions (advertising, registration, etc.) have been reduced. Gold medal winning Portsmouth Parks and Recreation Department offers an

outstanding example of this concept in action. Basically facility poor and landlocked, Portsmouth offered an exciting "Hi Adventure Program", with themes of Air, Land and Water. Eighteen different programs including hang gliding, horseback riding, grass skiing, deep sea fishing, white water rafting and canoe trips were offered through eleven different sponsors throughout the state of Virginia. Seven of those sponsors were commercial recreation businesses. (City of Portsmouth, 1978).

In Lakewood, Colorado, a number of programs are conducted through major commercial facilities including roller rinks, stables, bowling lanes, ski areas and an ice arena (Webb, 1980). Likewise, a major winter sports program including ski lessons, slalom races, racing leagues, cross country ski lessons and races are conducted in Salt Lake City. (Salt Lake City Parks and Recreation, 1979). Virginia Beach, Virginia conducts its entire ceramics program through a commercial business, serving hundreds of participants each year. It might be added that a way to gain eager cooperation by a commercial operator is to successfully organize a program to fill the commercial business, slack time slot or off season. This can mean great price breaks for the public participants. More examples are listed in Appendix B and in the Case Studies.

Nationally Sponsored Promotional Programs

Within the past several years, there seems to have been a marked increase in the number of recreation oriented programs promoted on a national level by various businesses and corporations. In some cases, the promotional program is grounded in the company's history or philosophy. The Hersey's National Track and Field

program, for example, is only the latest of a series of youth oriented programs started in 1909. (Johnson, 1980). Other programs such as the Whamo Hula Hoop and Frizbee contests directly promote a company's product. In all cases the company receives tremendous public relations value for an expense which is generally tax deductable.

Public recreation agencies find these national programs very attractive. Many, such as Ford's "Punt Pass and Kick" and Burger King's "Pitch Hit and Run" get major media exposure and draw millions of participants. Others such as the Whamo programs provide free equipment to conduct the activity. Detailed instructional information and program guidelines are generally supplied, the Daisy "Shooting Education 10 lesson curriculum" being an excellent example. (Daisy Mfg. Co., 1980). Typically, the sports oriented programs have a series of progressions to a national championship. The Pepsi N.B.A. Hotshot program is an example with seven levels of competition wherein Pepsi provides the awards throughout the levels and even picks up participant travel expenses after the third level. (Pepsi Cola Co., 1979). While much of the leadership responsibility at the local level rests with the participating public agencies, input and assistance from top level performing professionals and experts comes into play in structuring the overall program. For example, the National Tennis Week "sponsored" by Lipton Iced Tea, has Arthur Ashe and Billy Jean King as Co-chairpersons, and consultants are from five major tennis organizations. (Boersma, 1980).

It is not unusual for an entire package of programs and technical assistance to be offered. Eastman Kodak and the United States Tennis Association provide good examples. Kodak has a series of programs, guidebooks and kits covering a variety of "how to" topics. They also offer these on a loan or sale basis. Photography course outlines, instructional aids, a photographic newsletter and other services are also available. (Eastman Kodak, 1980). The U.S.T.A. likewise offers numerous services and programs. Their "Starter Tennis" program is developed for areas with limited facilities. Another U.S.T.A. program is the "National Tennis Development Program", devoted to the advancement of grass roots tennis programs. Services may include instructor clinics, program advise, facility development information, research and funding assistance and free racquets when available. (Brainard, 1980).

A list of contacts for various National Promotional programs is included in the Appendix. (National Recreation and Park Association, 1978).

Technical Assistance by Private Business

Although most companies do not sponsor national programs such as those previously mentioned, a great number do offer technical assistance. Many recreation programmers and administrators do not realize the amount of assistance and cooperation they can get in this respect from the private sector. Personal consultation, books, brochures and guidelines are made available for possibly every area of recreation. These can include agency development, program development, facility design, construction and maintenance, equipment specifications, equipment care, activity rules, activity skills, fund raising and just about everything else imaginable.

In some cases, a businessman will help your agency with staff training, equipment installation and even preparation of bid specifications. Of course his motive is obvious, to introduce you to his product or service, convince you to buy, and provide the type of follow up and service that will make you a satisfied repeat customer.

Technical Assistance by Trade Associations

Trade associations provide similar technical assistance to that mentioned above, but with less specific product orientation. The National Golf Foundation, the Athletic Institute and the United States Tennis Associations are examples offering a variety of consulting services, books, films and other aids.

Other Local Public/Private Cooperative Arrangements

Many of the programs and services mentioned in the previous sections relate to a national scale. Much more is potentially possible on the local level as resourceful recreation administrators interact with the private sector. The opportunities for joint facility development, joint programming and technical assistance will vary according to the community. Some examples follow:

As mentioned previously, Portsmouth Virginia is facility poor, but perhaps one reason it became a Gold Medal Winner was its creative utilization of community resources like shopping malls and the streets of the downtown business district. Shopping malls in Portsmouth are often filled with Parks and Recreation Department activities. Seasonal class exhibits and registrations are held there as well as writing contests, art shows, photography shows, dance demonstration, gymnastics and so

forth. It is good exposure for the programs, a good program location, and it brings more people to the shopping centers. During the Summer, the main downtown street is periodically blocked off for various special events, again bringing more people to the business district. (Portsmouth, 1978 & 79)

Summit County, Colorado recently worked out an interesting facility use for its bicycle repair and safety classes. Organized by the County Recreation department in cooperation with a commercial bicycle shop, the program was held at a third location, a local Dairy Queen. Evidently, neither the county or the bicycle shop had space, or the Dairy Queen was a more convenient location to maximize participation. (Summit County, 1978)

A number of years ago the Brevard County (Fla.) District 3 Recreation and Parks Department conducted a six week "Fishing College". Oriented toward the wintering tourists, the classes were taught by top fishermen and professionals from sporting goods stores, fishing camps, charter boats, etc. After several successful years a wealth of practical information had been accumulated, so it was compiled into a brochure titled "Guide to Fishing and Camping in Brevard County, Florida". Its distribution as a free handout at most of the leisure related shops and motels in the county furthur enhanced the successful impact of the concept. (Brevard County, 1969)

In Virginia Beach, Virginia a community college student in recreation masterminded the combination of public and private efforts in producing the first comprehensive tennis guide for the one million population Tidewater area. It had a complete listing

of every court, shop, club, league, class and tournament in the area. Advertisements cover the cost of printing so the guide was distributed free. The young student got an "A" and a job. (Guendel, 1978).

The YMCA of Wilmington and New Castle County (Deleware) took a unique publicity approach with restaurant placemats. Low cost placemats printed with the YMCA's programs and addresses were distributed to family type restaurants. The restaurants saved on place mat costs and the Y got its message out in an innovative manner.

IV. CASE STUDIES

The Parks and Recreation Departments in Los Angeles County California, Lakewood Colorado, and Chesapeake Virginia are presented to give an overview to the concept of commercialized public recreation. Each utilizes various business techniques such as enterprise funding and each cooperates with the private sector in facility development and programming. While none are completely commercially oriented, they do present good examples of the overall pattern a recreation agency may take.

Los Angeles County, California

Los Angeles County Parks and Recreation Department was 22% revenue supported prior to Proposition 13. With the taxpayers revolt, things had to change, and the county began to take a much more "commercialized" approach. Now Parks and Recreation is 53% self supporting via revenues. Almost all programs are completely self supporting. The development of a 400 site recreational vehicle campground was a "lease back" public/commercial arrangement. Almost

all new facility development and operation will have to occur without taxpayer expense. Therefore leasebacks are also being planned for a $1,000,000 golf club house, a $7.5 to 10 million tennis complex and a water slide. Many other facilities are managed by concessionaires. These include the pro shops and restaurants at eighteen golf courses (the world's largest golf course system), six tennis centers, several riding stables and several snack bars. Vehicle entrance fees are now charged at the county's regional parks and other new fees include boat launching. (Cryder, 1980)

Lakewood, Colorado

Lakewood Parks and Recreation Department serves a community of about 130,000 just outside of Denver. As previously mentioned, Lakewood aggressively pursues the use of commercial facilities for public programs. They work numerous programs with the local roller rinks, ice arena, stables, and bowling centers. In addition, they contract programs with cross country skiing, whitewater rafting, climbing and backpacking businesses. Ski programs are co-sponsored with A Basin resort. Other joint programs such as a "Talent Round Up" with a local newspaper and a Christmas Celebration with fifty contributing merchants are conducted. Lakewood has recently awarded the bid for the "leaseback" development/operation of a sports complex that will include an indoor pool, and outdoor pool, and eight racquetball courts. The City has provided the land and the facility will revert to the City after twenty years. (Webb, 1980)

Chesapeake, Virginia

As a city of 110,000 population spread over a county sized land mass, Chesapeake Virginia retains a relatively conservative lifestyle. Seperate parks and recreation departments conducted a very traditional program until the departments merged under new management in 1975. New programming doubled over two years and much of it was revenue producing such as leisure skills classes, day camps and special events. Even though revenue increased from approximately $10,000 to over $108,000 the political authorities looked only at the bottom line of the expense column. A city wide ceiling of 9% budget growth was imposed in 1977 and this would be eaten up in salary, cost of living, inflation and obligated expenses. The city's finance department had resisted earlier requests to start a parks and recreation enterprise fund, but the prospect of having to cut programs had not been a factor previously. This argument was the difference, and an enterprise fund seperate from the general fund was created. As a result, the general fund budget request was reduced and all the new revenue producing activity continued to grow. In fact, a new growth spurt resulted from the increased flexibility the enterprise system allowed. Many of the new programs were cooperative arrangements with various commercial recreation establishments. New programs held at commercial facilities or using commercial operators included:

Horse back Riding
Gymnastics
Bowling Classes
Powder Puff Mechanics
Bowling Tournaments
Golf Classes
Golf Tournaments

Indoor Skiing
Roller Skating Classes
Group Skating Parties
Ski Trips
Swim Classes
Salt Water Fishing Trips
Theatre Tours to N.Y.C.

Senior Citizen Golf
Figure Skating

Perhaps most interesting of the above was the swim instruction program held at ten locations such as motel pool and apartment complex pools. These classes were scheduled at slack hours of pool use and were open to public registration. The city was not charged for any of the pool use.

Many other programs conducted by commercial recreation businesses were contracted for offerings at city facilities.
These included:

Ski Lessons	Disco Dance
Ski Shows	Pre Natal Infant Care
Ski Films	Kung Fu Demonstrations
Bicycle Safety Clinic	Karate Demonstration
Antique Bazaar	Antique Appreciation Class
Pony Rides	Skin Care Demonstration
Yoga Classes	Hair Styling Classes
Karate Classes	Copper Enameling
Gifted and Talented Ballet	Creativity with Wood
Arts & Crafts Show	Decoupage

The gifted and talented ballet program was an interesting effort combining city facilities, a professional dance company's instructors and specially talented children selected on a "scholarship basis" from the local schools. Approximately half of the Ballet Company's services were donated. (Cheasapeake Parks and Recreation, 1978-79)

Chesapeake's commercial orientation led to the sports complex previously mentioned in another section. Another major facility, 650 Acre Northwest River Park is currently 35% self supporting

from revenues from boat rentals, pavillion rentals, and food and bait sales. Current development of a campground is expected to make the park 100% self supporting. (Garman, 1980)

V. CONCLUSION

Developing a commercial approach to public recreation is not an overnight project. The city or county must be philosophically ready to make such a commitment and the public agency must have personnel capable of the task. Perhaps the most outstanding example of a training program to orient one to commercialized public recreation is the N.R.P.A. Revenue Resources Management School co-sponsored by North Carolina State University. The intensive two week program lays a sound foundation for revenue management. Persons involved in this area should also strive to keep pace with changes in the overall business community. Publications such as Business Week, the Wall Street Journal, and the Kiplinger Letter are examples of pertinant reading for this purpose. Specialized trade publications are also reccommended reading. "Managing the Leisure Facility", for example, has articles on a wide variety of commercial subjects involving theme parks, arenas, concessions, etc. (Managing the Leisure Facility, 1979).

In conclusion, the trend toward the commercialization of public recreation has begun. In both public and private sectors there are benefits. In today's uncertain and changing world of government services, commercialized public recreation is a tool for both survival and future growth.

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4. Guendel, Ken. "Tidewater Tennis Guide". Virginia Beach, Virgina, 1978.

5. New Castle County Dept. of Parks and Recreation. Facility brochure 1976.

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4. Eastman Kodak Co. "Your Programs from Kodak 1980". Rochester, N.Y. 1979.

5. Johnson, Jim. "Hersey's National Track and Field Program". National Track and Field Hall of Fame. Charleston, W. Va. 1980.

6. Pepsi Cola Company. "1979 Guide and Rulebook for Pepsi Hotshot". Puchase, N.Y. 1979.

APPENDIX A

FEES and CHARGES INFORMATION SHEET

Fundamental Categories

1. Entrance Fees - Basic contact with large area (Park Entrance Fee)
2. Admission Fees - Admittance to buildings and structures (Concert Hall ticket)
3. Rental Fees - Exclusive use of tangible property (Skate rentals)
4. User Fees - Public use of facilities (Carnival rides)
5. Sales Revenue - Merchandise, food & drink (Concession stands)
6. License & Permit Fees - Authorized legal consent (Fishing license)
7. Special Service Charge - Unusual service for particular purpose (Ballet instructor)

Reasons for Fees and Charges

1. Inadequate Tax Budgets
2. Greater Interest and Appreciation by the participant
3. When limited numbers benefit by exclusive use
4. Non residents pay a share
5. Policy consistancy with other public services
6. Services provided require support services
7. Monopoly use is prevented

Management Principles of Fees and Charges

1. The Service or Facility must be needed
2. Revenues should be available to the agency for operation expenses and development
3. Fees should be considered for high cost facilities
4. Have legitimate and competitive pricing
5. Operate at a surplus over cost. Profit the facility, the community and the user
6. Maintain the aesthetic values of the area when the revenue facility/service is provided
7. Service not profit must be the motivation for the facility/program

Considerations in Setting User Fees and Charges

1. Economic status of the community.
2. Cultural and religious traditions and values of the community.
3. Effect of fees and charges revenue on regular budget.
4. Financial condition of the local government.
5. Taxpayer's revolt in progress?
6. Political climate at the time.
7. Possibilities of financing via alternate means.
8. Other opportunities via private or commercial entities.
9. Policies of nearby communities.

"THE COMMERCIALIZATION OF PUBLIC RECREATION"

prepared for the 1980 AAHPERD Convention
by John Crossley, University of Utah

New Strategies for Today's Problems

1. Borrow Techniques from Business/Commercial Recreation
2. Increase Revenue Producing Facilities & Programs
3. Cooperate in Public/Private Joint Ventures.

General Considerations

Before undertaking any of the above strategies, the following considerations and limitations should be cleared.

1. Attitude
2. Service Philosophy
3. Enabling Legislation
4. Legal Liability
5. Political Scene
6. Community's Culture
7. Competent Personnel

I. Borrow Techniques From Business/Commercial Recreation

Marketing:
- Market Segmentation
- Market Research
- Pricing Strategy

Program Life Cycle Concept
Program Elimination Strategy
Cost Benefit Analysis
Break Even Analysis
Feasibility Studies
Retailing
Enterprise Accounting

Resources

Business Colleges, Business Trade Publications, and the S.B.A. but as related specifically to recreation, the following:

Fees and Charges Handbook - available from the Heritage Conservation and Recreation Service, 440 G Street, N.W., Washington, D.C. 20243
*This includes a very useful bibliography

Private Sector Involvement Workbook - also from H.C.R.S.

Evaluation of Public Willingness To Pay User Charges For Use of Outdoor Recreation Areas and Facilities - also H.C.R.S.

Financing, Managing and Marketing Recreation and Park Resources by John L. Crompton and Dennis Howard. Wm. C. Brown Co. Publishers, 2460 Kerper Blvd., Dubuque, Iowa 52001

Revenue Resources Management School - sponsored by the National Recreation and Park Association and North Carolina State University. Contact Kelly Crump, Division of Continuing Education, P.O. Box 5125, Raleigh, NC 27607

Leisure trade publications such as:

"Managing the Leisure Facility" P.O. Box 305, Dover, NJ 07801

"Amusement Business" P.O. Box 850, Whitinsville, MA 01588

*AAHPERD Convention Handout by John Crossley, University of Utah.

II. Revenue Producing Facilities and Programs

Attitudes Are Changing
-People want less Government spending, less taxing
-More people believe that the user should pay
-Some studies show the user fee concept supported most by low income groups

More Dependence on Self Generated Revenue
-Great Lakes Area - 22% of agencies report +40% revenue
-Los Angeles County - 22% self supporting before Prop. 13, Now 53%
-Wheeling Park Commission - 98% self supporting

Enterprise Funds - A Key to Revenue Producing
-An accounting system for the management & expenditure of self generated revenue
-It is separate from the General Fund and much more flexible
-A true enterprise fund accounts for all operating costs, capital costs, and Administrative overhead

Case Study - Chesapeake Virginia
-Adaptation - Direct Program Costs only
-Enterprise Fund Flexibility allowed staff to be innovative
-Program Revenues - $46,000 to $150,000
-Leisure Skills Classes - 20 types to 126 types
-Special Events - 5 events to 48 events

Special Facilities Divisions
-Administrative grouping of revenue producing facilities
-allow maximization of business abilities

Case Study - St. Petersburg, Florida
2 golf courses, Municipal Marina, Stadium
Bayfront complex with arena and theatre plus:
161 Unit Waterfront Motel - future Park
Municipal Pier with 2 restaurants, lounges, Banquet Room, and 6 Retail Shops
3rd Major Waterfront project in planning

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III. Public/Commercial Joint Ventures

Strengths of:

Public Recreation Agency	Commercial Recreation
Land/ways to get it	Experience in business
Closer to permit processes	Methods to raise capital
Tax advantages	Legal flexibility
Public Relations Value	Less Politics
Clientele base	Less Bureaucracy
Media advantages	More efficient

a. Nationally Sponsored Promotional Programs

Equipment	Competitive structure	Staff Training
Instructional Aids	Travel Expenses	National Media
Program Guidelines	Awards	

b. Locally Sponsored Promotional Programs
Even more potential than National programs

c. Commercial Programs Conducted at Public Facilities
Introduction of new product/service
Price Break for use of public facility

d. Public Programs conducted at Commercial Facilities

Gain use of specialized equipment and facilities
Recreation Department publicize, organize and register = Price Breaks

e. Joint Capital Development
Gifts of Land - "In Kind" match for L.W.C.F. grants
"Leaseback concept" - public land with private development and management. Percent gross to government and reverts to government upon expiration of lease (often 20 years)

f. Concession Leases
Keys = offer a package that shows realistic profit potential
Have a solid contract, fair to both parties

g. Technical Assistance by Trade Association and Business

Facility design and construction	Activity Skills & Rules
Equipment specifications	Staff Training
Maintenance Guides	Equipment use & Care
Program Ideas	Financing & Fund raising ideas

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PUBLIC/COMMERCIAL
NATIONALLY SPONSORED PROGRAMS

Burger King and Major League Baseball - Pitch Hit & Run Contest. contact National Recreation & Parks Assoc., 1601 N. Kent St., Arlington, Va. 22209 OR Robert Landau Assoc. Inc., The Chrysler Bldg., 405 Lexington Ave., New York, NY 10017.

Coca Cola Co. - National Junior Tennis League. 500 East 62nd St., New York, NY 10021.

Daisy Manufacturing Co. - Daisy Jaycee Shooting Education Program. P.O. Box 220, Rogers, Arkansas 72756.

Dr. Pepper - Soccer Pepper Youth Soccer Skills Program. Contact your local Dr. Pepper bottler OR P.O. Box 225086, Dallas, TX 75265.

Duncan Yo-Yo and General Foods Yo-Yo Olympics. 5430 Van Nuys Blvd., Van Nuys, CA 91401.

Eastman Kodak Co. - Photography Programs. Dept. 841, 343 State St., Rochester, NY 14650.

Ford Motor Co. and the National Football League - Punt Pass and Kick. Contact your local Ford Dealer.

General Foods, Cycle Dog Food - Cycle K9 Frisbee Disc Catch & Fetch Contest. 5430 Van Nuys Blvd., Van Nuys, CA 91401.

Hershey Chocolate and the National Track and Field Hall of Fame - Hershey's National Track and Field Youth Program. 1524 Kanawha Blvd., Charleston, West VA 25311.

Hobby Institute of America - National Hobby Month. 200 Fifth Ave., New York, NY 10010.

Jokari/U.S. Inc. - Jokari Tournaments. 3614 Oak Grove, Dallas, TX 75204.

Lipton Ice Tea Co. - National Tennis Week. 495 Westport Ave., Norwalk, CT 06856.

Pepsi Cola - N.B.A. Hotshot and Pepsi Mobile Tennis. Anderson Hill Road, Purchase, NY 10577.

Parker Borthers "Rook" - Rook Tournament Kit. Box 12429, Nashville, TN 37212.

Quaker Oats Company Ken-L-Ration - Kids Dog Shows. P.O. Box 3493, Merchandise Mart, Chicago, IL 60654.

Sears, Roebuck and Co. and A.A.U. - A.A.U. Jr. Olympics and A.A.U. Physical Fitness Program. 3400 West 80th St., Indianapolis, IN 46268.

Travelers Insurance Co. - Bicycle Safety Program. 1 Tower Square, Hartford, CT 06115 OR contact an independent Travelers agent.

U.S. Tennis Association - Starter Tennis and National Tennis Development Program. U.S.T.A. Education and Research Center, 729 Alexander Rd., Princeton, NJ 08540.

Whamo Manufacturing Co. - National Hula Hoop Program and National Jr. Frisbee Contest and the Intercollegiate Frisbee Championships.

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EXAMPLES OF PUBLIC/COMMERCIAL JOINT PROGRAMS

Note: Facility and/or staff may be supplied by either the Public Agency or the Commercial Operator. Cases vary.

Art Fair
Aerobic Dance
Antique Bazaar
Bicycle Repair
Bicycle Safety
Ballet Exercise
Backpacking
Bowling Clubs
Bowling Tournaments
Creativity with Wood
Clay and Pottery Program
Copper Enameling
Cross Country Ski Races
Coed Fitness
Ceramics
Canoe Trips
Canoeing Class
Crafts Fair
Disco Dance
Decoupage
Deep Sea Fishing Trips
Fitness Class
Fly Casting
Figure Skating
Flying Instruction
Golf
Gymnastics
Gifted and Talented Ballet
Grass Skiing
Horseback Riding
Hang Gliding
Hair Styling
Handicapped Bowling Tourn.
Houseplant Clinic
Hayrides
Ice Skating
Indoor Ski Lessons
Kite Rally
Karate Class
Kung Fu Demonstration
Mountain Climbing
Prenatal Infant Care
Pre School Horseback Riding
Powder Puff Mechanics
Pony Rides
Roller Skating
Roller Skating Class
Racquetball
Sr. Citizen Bowling
Sr. Citizen Golf
Singles Night at the Movies
Spec. Pop. Ice Skating
Spec. Pop. Horseback Riding
Sailing
Swimming Classes
Ski Lessons
Ski Trips
Ski Races
Ski Racing League
Ski Shows
Ski Films
Saltwater Fishing
Skateboard Class
Skin Care Demonstration
Shark Fishing
Tae Kuan Do
Trampoline Class
Tennis Class
Tap Exercise
Theatre Tours to N.Y.C.
Women's Fitness
Wilderness Survival
White Water Rafting

Thanks to the following Cities, Counties and Districts for the Program examples:

Arlington Heights, Ill.
Aurora, Colorado
Boulder, Colorado
Chesapeake, Va.
Charlottesville, Va.
District of Columbia
Englewood, Colorado
Foothills District, Colo.
Lakewood, Colorado
Longmont, Colorado
Northeast Dupage District, Ill.
Montgomery County, Md.
Portland, Ore.
Portsmouth, Va.
Salt Lake City, Utah
Summit County, Colorado
Virginia Beach, Va.

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